FORM N-157 (REV. 1996)	STATE OF HAWAII — DEPARTMENT OF TAXATION **CREDIT FOR ENERGY CONSERVATION** Or fiscal year beginning _____, 19 _____ , and ending _____, 19 _____	TAX YEAR 19___

ATTACH THIS SCHEDULE TO YOUR INDIVIDUAL INCOME TAX RETURN FORM N-11, N-12, OR N-13, WHICHEVER IS APPLICABLE

Name(s) as shown on Form N-11, N-12, or N-13	Your Social Security Number

NOTE: If you are claiming the Tax Credit only due to a distribution from a partnership, an estate, a trust, or an S corporation, you may disregard lines 1 through 20 and begin on line 21; OR if you are only claiming the tax credit due to carryover from a previous year, you may disregard lines 1 through 21 and begin on line 22.

COMPUTATION OF TAX CREDIT

WIND ENERGY SYSTEM

1. Cost of qualified wind energy system installed and placed in service ..... $ _____
2. Multiply line 1 by 20% and enter result ..... $ _____

SOLAR ENERGY SYSTEM

3. Cost of qualified solar energy system installed and placed in service on new and existing single family residential buildings ..... $ _____
4. Enter 35% of line 3 or $1,750, whichever is less ..... $ _____
5. Per unit cost of qualified solar energy system installed and placed in service on new and existing multi-unit residential buildings ..... $ _____
6. Enter 35% of line 5 or $350, whichever is less ..... $ _____
7. Number of building units you own to which the allocated unit cost on line 5 is applicable ..... _____
8. Multiply line 6 by line 7 and enter result ..... $ _____
9. Cost of qualified solar energy system installed and placed in service on new and existing hotel, commercial and industrial facilities ..... $ _____
10. Multiply line 9 by 35% and enter result ..... $ _____

HEAT PUMPS

11. Cost of qualified heat pumps installed and placed in service in new and existing single family residential buildings ..... $ _____
12. Enter 20% of line 11 or $400, whichever is less ..... $ _____
13. Per unit cost of qualified heat pumps installed and placed in service in new and existing multi-unit residential buildings ..... $ _____
14. Enter 20% of line 13 or $200, whichever is less ..... $ _____
15. Number of building units you own to which the allocated unit cost on line 13 is applicable ..... _____
16. Multiply line 14 by line 15 and enter result ..... $ _____
17. Cost of qualified heat pumps installed and placed in service in new and existing hotel, commercial and industrial facilities ..... $ _____
18. Multiply line 17 by 20% and enter result ..... $ _____

ICE STORAGE SYSTEMS

19. Cost of qualified ice storage systems installed and placed in service ..... $ _____
20. Multiply line 19 by 50% and enter result ..... $ _____

TOTAL CREDIT FOR ENERGY CONSERVATION

21. Distributive share of tax credit from attached Form(s) N-157-A ..... $ _____
22. Carryover of tax credit from prior years ..... $ _____
23. Total tax credit claimed. Enter the total of lines 2, 4, 8, 10, 12, 16, 18, 20, 21 and 22 here and on Form N-11, line 28, on Form N-12, line 39, or on Form N-13, line 17 (Whole dollars only) ..... $ _____

(Note: Excess Tax Credit may be used as a carryover in subsequent years until exhausted.)

(See reverse side for instructions)

INSTRUCTION
FORM N-157
(REV. 1996)

STATE OF HAWAII — DEPARTMENT OF TAXATION

Instructions for Form N-157
CREDIT FOR ENERGY CONSERVATION

GENERAL INSTRUCTIONS

REQUIREMENTS FOR CLAIMING TAX CREDIT

Each resident taxpayer who files an individual income tax return for a taxable year may claim a tax credit against his or her individual income tax liability for a solar or wind energy system, heat pump, or ice storage system installed and placed in service during the taxable year. Additions to existing systems (e.g., *additional* solar energy panels) and systems for a second home qualify for this credit. The cost of repairs to existing systems (e.g., *replacing* solar energy panels), however, **do not** qualify for this credit. The credit shall be applicable only to the **actual cost** of the system, including its accessories and installation, and shall not include the cost of consumer incentive premiums unrelated to the operation of the system or offered with the sale of the system (such as "free gifts," offers to pay electricity bills, or rebates, including rebates from utility companies).

A licensed professional engineer must review the design of the solar energy system or heat pump installed in multi-unit buildings and provide a written opinion that the system, in accordance with recognized engineering practice, is designed to provide not less than 80% of the daily annual average hot water needs of all the occupants of the building.

The tax credit may be claimed for the following energy conservation systems installed and placed in service after 12/31/90 but before 1/1/99:

	Type of Energy Conservation System	Tax Credit Rate
1.	**Wind energy systems**	20% of the actual cost of the system.
2.	**Solar energy systems**	
	a. New and existing single family residential buildings.	The lesser of 35% of the actual cost of the system or $1,750.
	b. New and existing multi-unit buildings used primarily for residential purposes.	Per building unit: The lesser of 35% of each unit's actual cost of the system or $350.
	c. New and existing hotel, commercial and industrial facilities.	35% of the actual cost of the system.
3.	**Heat pumps**	
	a. New and existing single family residential buildings.	The lesser of 20% of the actual cost of the heat pump or $400.
	b. New and existing multi-unit buildings used primarily for residential purposes.	Per building unit: The lesser of 20% of each unit's actual cost of the heat pump or $200.
	c. New and existing hotel, commercial and industrial facilities.	20% of the actual cost of the heat pump.
4.	**Ice Storage Systems**	50% of the actual cost of the system.

In the event that tax credits claimed exceed the amount of the income tax payments due, the excess of credits may be carried over to subsequent years until exhausted.

Individual members of partnerships or condominium apartment associations, beneficiaries of estates and trusts, or shareholders of S corporations are also required to attach to this claim an Information Statement Form N-157A.

FOR PURPOSES OF THE TAX CREDIT

"Solar or wind energy system" means any new identifiable facility, equipment, apparatus, or the like that converts solar insolation or wind energy to useful thermal or electrical energy for heating, cooling, or reducing the use of other types of energy dependent upon fossil fuel for their generation.

"Heat pump" means an electric powered compression heating system that extracts energy from warm ambient air or recovers waste heat to assist in the production of hot water.

"Ice storage system" refers to ice banks or other cool energy storage tanks, containers, accessories, and controls that are specifically designed to store ice or chilled fluids for the express purpose of shifting the consumption of energy to off-peak periods.

"Single family residential building" means a structure maintained and used as a home, residence, or sleeping place by one or more persons maintaining a common household. A dwelling unit that shares one or more walls with another dwelling unit shall be deemed a single family residential building if it has direct access to a street or thoroughfare and does not share hot water equipment or any other essential facility or service with any other dwelling unit.

"Multi-unit residential building" means a structure containing more than one dwelling unit, each of which is intended to be maintained and used as a home, residence, or sleeping place by persons maintaining separate households.

The director may require the taxpayer to furnish reasonable information to ascertain the validity of the claim for credit made and may adopt rules necessary to effectuate the purposes of claiming this credit pursuant to chapter 91, Hawaii Revised Statutes.

The tax credit shall be claimed against the net income tax liability for the year in which the solar or wind energy system, heat pump, or ice storage system was purchased and placed in use in Hawaii. Tax credits which exceed the taxpayer's income tax liability may be used as credit against the taxpayer's income tax liability in subsequent years until exhausted.

Internet Address—The Department of Taxation's site on the Internet is:
http://www.hawaii.gov/icsd/tax/tax.html
Tax forms can be found at:
http://www.hawaii.gov/icsd/tax/taxforms.html

SPECIFIC INSTRUCTIONS

Lines 1 through 22 — Fill in the lines as they apply to your claim.

Lines 5 and 13 — The per unit cost of a solar energy system or heat pump installed and placed in service in a multi-unit residential building is determined as follows:

$$\frac{\text{Total square feet of your unit}}{\text{Total square feet of all units in the multi-unit building}} \times \text{The actual cost of the system or heat pump.}$$